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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
RHI Entertainment, Inc., et al.,[1]	Case No. 10-16536 (SMB)
Debtors.	Jointly Administered

NOTICE OF HEARING

PLEASE TAKE NOTICE that on January 27, 2011, the above-captioned debtors and debtors in possession (collectively, the "**Debtors**") filed the *Motion of the Debtors for Entry of An Order Pursuant to Sections 105(a), 363(b) and 503(b) of the Bankruptcy Code Authorizing the Debtors to Enter Into and Perform Under Certain Exit Facility Letters* (the "**Motion**") with the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**").

[1] The Debtors in these related cases, along with the last four digits of each Debtor's federal tax identification number, are: RHI Entertainment, Inc. (4616); RHIE Holdings Inc. (5429); RHI Entertainment Holdings II, LLC (0004); RHI Entertainment, LLC (7887); RHI Entertainment Productions, LLC (6014); RHI Entertainment Distribution, LLC (6017); RHI International Distribution Inc. (7653); NGP Holding, Inc. (6138); HEGOA INC. (4608); Independent Projects, Inc. (2430); Don Quixote, Inc. (1238); HE Pro Tunes, Inc. (2268); HEP Music, Inc. (2267); Metropolitan Productions, Inc. (9375); Library Storage, Inc. (8155); HEP SS Music Inc. (7969); and SLB Productions, Inc. (8171).

PLEASE TAKE FURTHER NOTICE that the Motion has been electronically filed with the Bankruptcy Court and may be examined and inspected by interested parties by (i) accessing the Bankruptcy Court's website at www.nysb.uscourts.gov/ or (ii) accessing the website maintained by the Debtors in connection with their chapter 11 cases at www.loganandco.com. Note that a PACER password is needed to access documents on the Bankruptcy Court's website.

PLEASE TAKE FURTHER NOTICE that a hearing has been scheduled for **February 17, 2011 at 2:00 p.m. (prevailing Eastern Time)** before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, One Bowling Green, Room 723, New York, New York, 10004 (the "**Hearing**"), which Hearing may be adjourned from time to time without further notice other than an announcement at the Hearing.

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Motion must be in writing and shall conform to the *Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 1015(c) and 9007 Implementing Certain Notice and Case Management Procedures* [Docket No. 58], the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York (the "**Local Rules**"), and shall be filed with the Bankruptcy Court and served on (a) undersigned counsel to the Debtors and (b) any other party in interest who is entitled to service pursuant to the Local Rules in each case so as to be actually received by no later than **5:00 p.m. (prevailing Eastern Time) on February 10, 2011** (the "**Objection Deadline**").

If no objections are timely filed and served with respect to the Motion, the relief requested in the Motion shall be deemed unopposed, and the Bankruptcy Court may enter an order granting the relief sought therein without further notice or opportunity to be heard. In furtherance thereof, if no objections are timely filed and served with respect to the Motion, the

Debtors may, on or after the Objection Deadline, submit to the Bankruptcy Court an order, substantially in the form of the proposed order annexed to the Motion, which order may be entered with no further opportunity to be heard. Objecting parties are required to attend the Hearing, and failure to appear may result in relief being granted upon default.

Dated: January 27, 2011
New York, New York

Respectfully Submitted,

/s/ D. J. Baker

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
RHI Entertainment, Inc., et al.,[1]	Case No. 10-16536 (SMB)
Debtors.	
	Jointly Administered

MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER PURSUANT TO SECTIONS 105(a), 363(b) AND 503(b) OF THE BANKRUPTCY CODE AUTHORIZING THE DEBTORS TO ENTER INTO AND PERFORM UNDER CERTAIN EXIT FACILITY LETTERS

The above-captioned debtors and debtors-in-possession (the "**Debtors**") hereby move the Court (the "**Motion**") for entry of an order (the "**Order**"), in substantially the form attached hereto as Exhibit A, authorizing the Debtors to enter into and perform under certain Exit Facility Letters (as defined below) with J.P. Morgan Chase Bank, N.A. ("**JPMCB**") and J.P. Morgan

[1] The Debtors in these related cases, along with the last four digits of each Debtor's federal tax identification number, are: RHI Entertainment, Inc. (4616); RHIE Holdings Inc. (5429); RHI Entertainment Holdings II, LLC (0004); RHI Entertainment, LLC (7887); RHI Entertainment Productions, LLC (6014); RHI Entertainment Distribution, LLC (6017); RHI International Distribution Inc. (7653); NGP Holding, Inc. (6138); HEGOA Inc. (4608); Independent Projects, Inc. (2430); Don Quixote, Inc. (1238); HE Pro Tunes, Inc. (2268); HEP Music, Inc. (2267); Metropolitan Productions, Inc. (9375); Library Storage, Inc. (8155); HEP SS Music Inc. (7969); and SLB Productions, Inc. (8171).

Securities LLC ("**JPMS**" and together with JPMCB, "**JP Morgan**"). In support of this Motion, the Debtors respectfully state as follows:

JURISDICTION

1. The Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are Sections 105, 363 and 503 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "**Bankruptcy Code**") and Rule 6004 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**").

BACKGROUND

A. Overview

3. On December 10, 2010 (the "**Petition Date**"), each of the Debtors filed a voluntary petition commencing a case for relief under chapter 11 of the Bankruptcy Code (the "**Chapter 11 Cases**").

4. The Debtors are operating their business and managing their properties as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been requested and no statutory committee has yet been appointed in these Chapter 11 Cases.

5. For a detailed description of the Debtors and their operations, the Debtors respectfully refer the Court and parties in interest to the Declaration of Robert A. Del Genio, Strategic Planning Officer of RHI Entertainment, Inc., in Support of Chapter 11 Petitions and First Day Pleadings [Docket No. 3] (the "**First Day Declaration**").

6. On the Petition Date, the Debtors filed their Joint Prepackaged Plan of Reorganization of RHI Entertainment, Inc. and Affiliated Debtors [Docket No. 22] (the "**Plan**") and their Disclosure Statement With Respect to Joint Prepackaged Plan of Reorganization of RHI Entertainment, Inc. and Affiliated Debtors [Docket No. 21] (the "**Disclosure Statement**"). Because of the prepackaged nature of the Plan, the Debtors requested a combined hearing (the "**Confirmation Hearing**") on the adequacy of the Disclosure Statement and confirmation of the Plan, which Confirmation Hearing is scheduled for February 17, 2011.

B. The Exit Facilities

7. As described in more detail in the Plan and Disclosure Statement, prior to the Petition Date, the Debtors and JP Morgan, with the assistance of their respective legal and financial advisors, negotiated the general terms of the exit financing that the Debtors would require to emerge from these Chapter 11 Cases and make the distributions contemplated by the Plan. As part of the process of negotiating the Plan, the Debtors had received proposals from JP Morgan with respect to (i) a new $25,000,000 revolving credit facility (the "**Exit Revolving Facility**") and (ii) a $300,000,000 term loan facility (the "**Exit Term Loan Facility**," and, together with the Exit Revolving Facility, the "**Exit Facilities**"). Term sheets summarizing the material terms of the proposed Exit Revolving Facility and the proposed Exit Term Loan Facility (the "**Exit Facility Term Sheets**") were attached to the Plan as Exhibit A and Exhibit E, respectively.

8. The negotiations that began prior to the Petition Date have now been completed and resulted in the following agreements between the Debtors and JP Morgan: (a) a commitment letter with respect to the Exit Revolving Facility (the "**Revolving Commitment Letter**"), (b) a fee letter with respect to the Exit Revolving Facility (the "**Revolving Fee Letter**") and (c) a fee letter with respect to the Exit Term Loan Facility (the "**Term Loan Fee**

Letter," and, together with the Revolving Commitment Letter and the Revolving Fee Letter, the "**Exit Facility Letters**").

9. As described more fully in the Exit Facility Letters and the Exit Facility Term Sheets, the Exit Revolving Facility will be used for working capital and other general corporate purposes, and will also help fund the Debtors' emergence from these Chapter 11 Cases. The Exit Term Loan Facility will not deliver any new cash proceeds to the Debtors, but will be issued, along with common stock in the reorganized Debtors, in exchange for the discharge of all claims arising under the Debtors' pre-petition first lien credit facility. Accordingly, the Exit Facilities are a key component of the Debtors' reorganization, and the Debtors have determined, in their reasonable business judgment, that the terms proposed by JP Morgan are the most favorable to the Debtors and their estates and represent the best possible exit financing terms obtainable under the circumstances of these Chapter 11 Cases.

10. The Exit Facility Letters also contain the following relevant provisions with respect to expense reimbursement and indemnification by the Debtors:[2]

(a) Expense Reimbursement. The Exit Facility Letters require the Debtors to pay all reasonable and documented out-of-pocket costs and expenses incurred by JP Morgan in connection with the Exit Facility Letters, the Exit Facility Term Sheets, any related documentation (including the definitive financing documents as well as any administration, amendment, modification, and/or waiver thereof), the transactions contemplated thereby and JP Morgan's on-going due diligence in connection therewith, including, without limitation, travel expenses, reasonable attorneys' fees (including, without limitation, the reasonable fees and expenses of Morgan, Lewis & Bockius LLP and any other special counsel retained by JP Morgan) (it being understood that reasonable efforts will be made to minimize unnecessary duplication of services), asset evaluation expenses (including, without limitation the reasonable fees and expenses of internal and

[2] The relevant provisions of the Exit Facility Letters are presented here in summary form only. In the event of any inconsistency between this summary and any of the Exit Facility Letters, the terms and conditions of the Exit Facility Letters shall govern.

third-party appraisers, consultants and auditors advising JP Morgan), syndication expenses, other charges and disbursements and any other reasonable out-of-pocket costs and expenses, whether or not such transactions are consummated.[3]

(b) Indemnification. The Revolving Commitment Letter and Term Loan Fee Letter require the Debtors to indemnify and hold harmless JP Morgan, its respective affiliates and controlling persons and the respective officers, directors, employees, advisors, attorneys, and agents of JP Morgan and of its respective affiliates and controlling persons, from and against any and all losses, claims, damages and liabilities to which any such person may become subject arising out of or in connection with any claim, litigation, investigation or proceeding, regardless of whether any of such indemnified parties is a party thereto and regardless of whether such claim, litigation, investigation or proceeding is initiated by or on behalf of a third party or the Debtors or any of the Debtors' affiliates, relating to the Exit Facility Letters, the Exit Facility Term Sheets, the Exit Facilities, the use of the proceeds thereof, or any related transaction and to reimburse each of such indemnified persons, from time to time upon their reasonable written demand, for any reasonable and documented legal or other expenses incurred in connection with investigating or defending any of the foregoing; provided, that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent that they are determined by the final non-appealable judgment of a court of competent jurisdiction to have resulted from the willful misconduct, bad faith or gross negligence of such indemnified person, its affiliates or controlling persons or any of their respective officers, directors, employees, advisors, attorneys, and

[3] As described further in the Exit Facility Letters, one condition to the funding obligations of the lenders under the Exit Facilities is the payment of certain fees (the "**Financing Fees**") described in the Revolving Fee Letter and the Term Loan Fee Letter. The Financing Fees include: (a) with respect to the Exit Term Loan Facility, (i) an amendment and structuring fee of $500,000 and (ii) an annual administration fee equal to $150,000 and (b) with respect to the Exit Revolving Facility, (x) an arrangement fee equal to the greater of (A) $500,000 or (B) 2.00% of the total Revolving Commitment (as defined in the Revolving Fee Letter), (y) an annual administration fee equal to $50,000 and (z) an annual collateral monitoring fee equal to $75,000. In addition, each lender under the Debtors' pre-petition first lien credit facility that provides a Revolving Commitment in an amount such that its pro rata portion of the total Revolving Commitment meets or exceeds such lender's pro rata share of the total commitments under the pre-petition first lien credit facility will receive a commitment fee equal to 4.00% of such lender's Revolving Commitment, while each other lenders shall receive a commitment fee equal to 3.00% of such lender's Revolving Commitment. The Debtors have not sought, and are not seeking in connection with this Motion, approval of any of the above Financing Fees because such Financing Fees are payable only on the Effective Date of the Plan. Accordingly, because they will be post-consummation obligations of the reorganized Debtors, the Debtors believe that the Financing Fees do not require approval of the Bankruptcy Court at this time. The Debtors will provide copies of the Exit Facility Letters to the Bankruptcy Court, the Office of the United States Trustee for the Southern District of New York and any other party-in-interest that agrees to keep such letters confidential.

> agents. The Exit Facility Letters further provide that no such indemnified party shall be liable for any damages arising from the use by others of materials obtained through electronic, telecommunications or other information transmission systems, except to the extent such damages are found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the willful misconduct, bad faith or gross negligence of such indemnified party, or for any special, indirect, consequential or punitive damages in connection with the Exit Facility Letters, the transactions contemplated by the Exit Facility Letters, or any activities related to the Exit Facilities.

RELIEF REQUESTED

11. By this Motion, the Debtors respectfully request that the Court enter the Order pursuant to Sections 105(a), 363(b) and 503(b) of the Bankruptcy Code (a) authorizing and approving the Debtors' entry into, and performance under, the Exit Facility Letters and (b) granting such other and further relief as is just and proper. For the avoidance of doubt, the Debtors do not, by this Motion, seek the Court's approval of the Exit Facilities or the Financing Fees, approval of which would be a component of the Court's decision with respect to confirmation of the Plan, which would be included in a separate order confirming the Plan.

BASIS FOR RELIEF

A. The Debtors' Entry Into the Exit Facility Letters is Warranted Under These Circumstances

12. Section 363(b) of the Bankruptcy Code permits the Debtors to use property of the estate "other than in the ordinary course of business" after notice and a hearing. 11 U.S.C. § 363(b)(1). Courts in this and other circuits have held that transactions should be approved pursuant to Section 363(b) when, as here, they are supported by management's sound business judgment. See Official Comm. Of Unsecured Creditors v. LTV Corp. (In re Chateaugay Corp.), 973 F.2d 141, 143 (2d Cir. 1992); Comm. Of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2nd Cir. 1983) ("The rule we adopt requires

that a judge determining a § 363(b) application expressly find from the evidence presented before him a good business reason to grant the application."); In re Metaldyne Corp., 409 B.R. 661, 668-70 (Bankr. S.D.N.Y. 2009) (evaluating proposed transaction using the "reasonable business judgment" standard) In re Montgomery Ward, 242 B.R. 147, 153 (D. Del. 1999) ("In determining whether to authorize the use, sale or lease of property under [Section 363(b)], courts require the debtor to show that a sound business purpose justifies such actions.").

13. Once the debtor articulates a valid business justification, the business judgment rule presumes that the business decision was made "on an informed basis, in good faith and in the honest belief that the action taken was in the best interest of the company." Official Comm. Of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Resources, Inc.), 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting Smith v. Van Gorkum, 488 A.2d 858, 872 (Del. 1985)). Courts generally will not second-guess a debtor's business judgment. See Id. ("Courts are loath to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence."); see also Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) ("[A] presumption of reasonableness attaches to a debtor's management decisions.").

14. Additionally, Section 105(a) of the Bankruptcy Court allows this Court to "issue any order, process, or judgment that is necessary and appropriate to carry out the provisions of [the Bankruptcy Code]." 11 U.S.C. § 105(a). Under Section 105(a) of the Bankruptcy Code, the Court has expansive authority under its equitable powers to fashion any order or decree that would preserve or protect the value of the debtor's assets. See, e.g., Griffin v. Bonapfel (In re All American of Ashburn, Inc.), 805 F.2d 1515, 1517 (11th Cir. 1986) (per curiam) (adopting the district court's order, which noted that that Section 105(a) provides

authority for bankruptcy courts to protect estate property); In re Chinichian, 784 F.2d 1440, 1443 (9th Cir. 1986); In re Hughes, 281 B.R. 224, 226 (Bankr. S.D.N.Y. 2002) ("Section 105 sets out the power of the bankruptcy court to fashion orders as necessary pursuant to the purposes of the Bankruptcy Code.") (quoting Chinichian).

15. The Debtors have determined, in the exercise of their sound business judgment, that there is ample justification for their entry into, and performance under, the Exit Facility Letters. As discussed above, the Exit Facilities are an indispensable element of the contemplated restructuring transactions and the delivery and effectiveness of the Exit Facilities are conditions precedent to the consummation of the Plan. The Debtors simply cannot emerge from Chapter 11 protection, fund the necessary distributions under the Plan or provide sufficient liquidity to operate their business after they exit these Chapter 11 Cases without the Exit Facilities to be provided by JP Morgan on the terms and conditions set forth in the Exit Facility Letters.

16. The Debtors also believe that their obligations under the Exit Facility Letters, including the Expense Reimbursement and Indemnification provisions, are reasonable and represent the best terms available to the Debtors at this time. Furthermore, it is essential that the Debtors obtain the assistance of parties that can promptly arrange the Exit Facilities if they are to emerge from chapter 11 on the timelines required by their post-petition debtor-in-possession financing (the "**DIP Facility**"). The failure to enter into the Exit Facilities and emerge from chapter 11 on the timelines established by the DIP Facility may cause an event of default under the DIP Facility, which could cause unnecessary distraction as the Debtors attempt to confirm and consummate the Plan.

B. The Debtors' Obligations Under the Exit Facility Letters Should be Afforded Administrative Expense Priority Status

17. The Debtors' obligations under the Exit Facility Letters, including the Expense Reimbursement and Indemnification provisions, should be afforded administrative expense priority status pursuant to Section 503(b)(1) of the Bankruptcy Code. Section 503(b)(1) of the Bankruptcy Code allows for the payment of administrative expenses for postpetition expenses of a debtor incurred in preserving the estate. 11 U.S.C. § 503(b)(1). As noted above, the Exit Facilities are integral to the Debtors' emergence from these Chapter 11 Cases, and the Expense Reimbursement and Indemnification provisions, without which JP Morgan would not enter into the Exit Facility Letters, are integral to obtaining the Exit Facilities. Accordingly, these obligations are actual and necessary costs of preserving the Debtors' estates and should be afforded administrative expense priority status under Section 503(b)(1) of the Bankruptcy Code.

CONCLUSION

18. In light of the foregoing, the Debtors believe that it is in the best interests of their estates, their creditors and other parties in interest for the Bankruptcy Court to authorize them to enter into and perform under the Exit Facility Letters.

MOTION PRACTICE

19. This Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to this Motion. Accordingly, the Debtors submit that this Motion satisfies Rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York.

NOTICE

20. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of New York; (b) counsel to (i) the administrative agent for the lenders under the DIP Facility; (ii) the administrative agent for the

lenders under the Debtors' first lien credit facility and (iii) JP Morgan; (c) counsel to the administrative agent for the lenders under the Debtors' second lien credit facility; (d) counsel for the Debtors' primary entertainment guilds; (e) the non-lender creditors listed on the Debtors' consolidated list of thirty largest unsecured creditors; (f) the Internal Revenue Service; (g) the U.S. Securities and Exchange Commission; and (h) those persons who have formally appeared and requested service in these cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors submit that no further notice is required or needed under the circumstances.

NO PRIOR APPLICATION

21. No prior application for the relief requested herein has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter an Order, substantially in the form annexed hereto as Exhibit A, (a) authorizing and approving the Debtors' entry into, and performance under, the Exit Facility Letters and (b) granting such other and further relief as is just and proper.

Dated: January 27, 2011
New York, New York

Respectfully Submitted,

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